Saskmilk

Newsletter
March 2014

Reforming Supply Management Amounts to Bad Business Advice

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Last week, the Conference Board of Canada released a paper that asserted various reforms to the dairy industry would benefit the industry and consumers. In his blog reprinted below, Richard Doyle explains why this is bad business advice, and where the Conference Board goes wrong:

The recent report from the Conference Board of Canada indicates a disturbing trend of think tanks offering what amounts to bad business advice.

It is not a surprise that the Conference Board calls for the dismantling of Canada's supply management system, and the fallacies and misleading assertions used to support that call are common in some circles.
One assertion, that supply management costs the average Canadian family an extra $276 per year at the grocery store for their dairy products, is based on the assumption that removing supply management would reduce the farm gate price in Canada to the so-called "world" farm gate price.
But this argument ignores the reality that farm and retail prices are not so directly linked, or that this "world price" is not what farmers elsewhere get paid all the time!

There is a better bet to compare retail prices around the world. The market research firm Nielsen has one of the most extensive resources for compiling data from millions of price points. In 2013, milk in Australia and New Zealand cost roughly the same as what we pay in Canada -- a weighted average of $1.47 to $1.50 per litre (yes there are $1/litre offerings, just like one can find that price when buying in 4-litre formats in some of the major markets in Canada).

The fact is the farm is just the first link in the supply chain. There are other links between the farm gate and your refrigerator that are determining and protecting their own margins and, where they don't have supply management, they have to deal with increased pricing volatility.

It has been proven time and again around the world that deregulation in the dairy sector does not lead to lower prices for consumers. Take the Australian example, a favourite of critics of supply management.

Cont'd on page 2

The Australian fresh milk market was deregulated in 2000, and almost immediately farm prices began to fluctuate wildly. But retail prices increased steadily, accentuated by a tax levied to help farmers with the transition. It was bad for farmers, and did not benefit consumers.

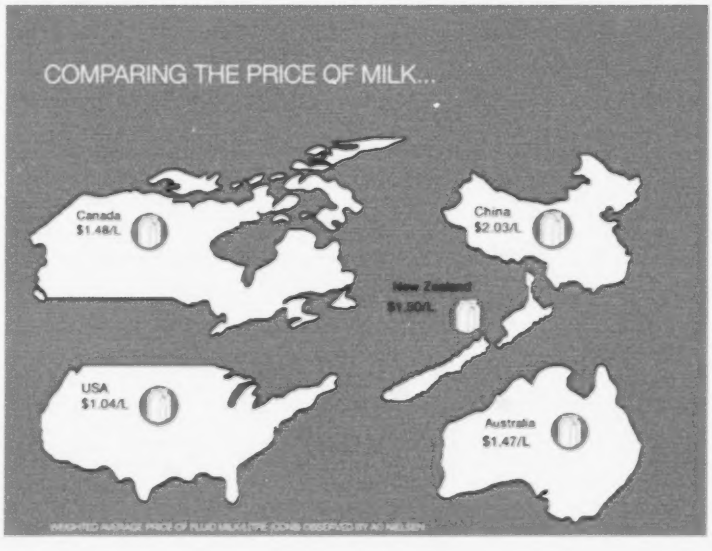
In the United States, milk averages $1.04 per litre at retail. The United States experience allows us to examine the angle of the bad business advice: the average farm size is 183 cows, close to the average size the Conference Board recommends for Canada, hanging their hats on the "sales" realized by the farm, but carefully not looking at what could be the net revenue, which is important to small businesses. This 183-cow farm in the U.S lost money in 2012 -- an estimated eight cents for every litre produced, according to USDA.

It is only through a combination of government subsidies, working a second job to supplement farm income, and hopes of a better year (this year promises to be), that these farmers were able to keep going, as long as they were not too highly leveraged. To keep debts low, a small business needs to be careful in what technology they invest! It seems too easy to forget that farms, like other small businesses, need to make money to keep producing food.

European farmers know too well the harsh realities of milk prices that fall below the cost of production. Twice in recent years European farmers have taken to the streets in protest of a system that forces artificially low prices on dairy products and makes it all but impossible to eke out a living on a European livestock farm.

Recently, dairy farmers in the U.K. have protested a move by a supermarket to cut price with concern over the impact of "devaluing milk in the eyes of the consumer." Similarly, Canadian food manufacturers are pushing back on pressure from retailers over what they see as a move to cheapen their brand, and want a "code of conduct". When a business invests to build the value of their brand or product, downward pressure from distributors is not welcome. Then there are distributors taking a 30 to 50 per cent margin on a product, and letting producers be blamed for the price.

Canadians are third in the world in having the most affordable food, after U.S. and U.K. And it's safe and high quality too. While farmers don't think milk should be cheaper than water, the retail price is not set by supply management. Supply management regulates what is paid to the farmer at the farm gate for raw milk, so farmers can cover the cost of production and make a living from the farm, which operates 365 days a year.



I will conclude with an observation that, within supply management, the dairy industry has surpassed the Conference Board's most ambitious scenario in terms of new jobs creation: EcoResources has found that jobs have increased 2.8 per cent in just two years: from 115,104 in 2009 to 118,330 in 2011.

- see the original blog at http://www.huffingtonpost.ca/richard-doyle/reforming-supply-manageme_b_4936805.html

BSE Surveillance Still Matters

Test Your Animals – Protect Your Industry – Help Maintain Confidence In Canadian Beef

You can support the Canadian beef and cattle industry by participating in the bovine spongiform encephalopathy (BSE) surveillance program. The program helps to maintain consumer confidence in Canadian beef.

The BSE surveillance program targets animals that are most at risk for having BSE. This includes cattle over the age of 30 months that are dead, dying, diseased, down or cattle showing signs of BSE such as nervous or aggressive behavior.

You can participate in the program by contacting your veterinarian, your local CFIA district office or by calling 1-866-400-4244. Your veterinarian or a CFIA inspector will come to your farm to assess the animal and, if appropriate, collect a brain tissue sample from the animal for testing.

You will receive $75 to help cover carcass disposal costs and $100 for veterinary services.

For more information call 1-866-400-4244.

Canadian Food Inspection Agency / Agence canadienne d'inspection des aliments

Canada

SaskMilk Producer Ambassador Program

Do you believe in your industry? Want to share your enthusiasm with others? Then please consider talking to me about the SaskMilk Producer Ambassador Program!

What is this, you might ask? This is an exciting program that we will be developing over the next year where we would like to help producers become spokespeople for the Saskatchewan dairy industry! Don't worry, we aren't going to just throw you 'in' unprepared! We will be taking the time to talk to you, get you whatever training you need to feel comfortable talking to the public, to the media, or to anyone else that needs some help understanding how great our industry is.

In the current environment, where supply management is being questioned, trade deals are coming down the road, and many consumers don't know or understand what producers do and how the system works, we need to be available and accessible as CHAMPIONS of our industry – and nobody is a better champion than you, the producer!

This will not require a big time commitment, honestly – we just want to give you the tools you need to be an ambassador, and build a network of producers that we can communicate with and call on if the need arises.

Please contact me at #306-721-9482 or Joy.Smith@saskmilk.ca to get more information – no commitment, let's just chat and see if it might interest you! Thanks in advance everyone!

-Joy Smith, SaskMilk Manager of Policy & Communications

Saskatchewan Dairy Pasteurizer Program

We all know that the milk we buy from the grocery store for our families is pasteurized. The word "pasteurize" comes from the name of the inventor, Louis Pasteur, who invented the method of heating milk to kill disease-causing organisms and improve human health. The pasteurizing of milk has saved millions of lives all over the world.

Milk pasteurizers have also become recognized as a valuable tool for improving the quality of milk fed to calves on dairy farms for the same reason - healthier milk means healthier calves.

Recently, commercial colostrum pasteurizers were introduced to the market. These units pasteurize smaller batches of colostrum with minimal risk to the colostrum or calves consuming it. Holding the colostrum at 60°C for 60 minutes effectively kills *Mycobacterium avium* subsp. *paratuberculosis*, the organism that causes Johne's Disease in cattle. It also kills other bacteria that can cause disease in the young calf, such as *Salmonella*, *E. coli* and *Clostridia*.

The Ministry of Agriculture has been working with provincial livestock stakeholders to develop biosecurity programs that meet the needs of the industry and the public. One such program, funded under Growing Forward 2, is the Saskatchewan Dairy Pasteurizer Program. This program provides funding to producers to offset the cost of purchasing pasteurization units by reimbursing up to 50% of the cost of the unit (to a maximum of $5,000) per producer.

This program runs until December, 2014, and is administered by SaskMilk. In order to receive reimbursement for the purchase of a colostrum pasteurizer, the producer must purchase a pasteurizer between December 1, 2013 and November 30, 2014 and submit a copy of the paid receipt to SaskMilk along with their signed application form.

Applications are accepted on a first-come, first-serve basis and funding is available for 30 producers to participate. Producers can apply to this program by contacting SaskMilk- Deb Haupstein at 306-721-9486 or deb.haupstein@saskmilk.ca.

REMINDER: FALL INCENTIVE DAYS

August: 2 days **September**: 2 days **October**: 1 day **November**: 1 day

Save the Date!

The Saskatchewan Dairy Conference
will be held this year on
November 20th and 21st
at the Saskatoon Inn!

SaskMilk Scholarship Winners!

Janna Moats

Jasmin Paulson

This year's SaskMilk scholarship winners are Jasmin Paulson (Undergraduate) and Janna Moats (Graduate). Jasmin is a third year student majoring in Animal and Poultry Science at the University of Saskatchewan, who has begun working at the new Rayner Dairy Research facility, and plans to continue pursuing her interest in the dairy field. Janna is a M.Sc. candidate at the University of Saskatchewan, and has worked on various dairy farms, had a thesis involving dairy cattle, and is pursuing her M.Sc. in ruminant nutrition focussing specifically on developing innovative dairy feed ingredients.

2014 Spring Producer Meetings
Registration at 9:30 am, meeting starts at 10:00 am.

March 24th – Swift Current
F.O.E. Eagles
1910 S Service Rd W
Swift Current, SK

March 25th – Warman
Brian King Centre
202 8th Ave. N.
Warman, SK

March 26th – Fort Qu'Appelle
Royal Canadian Legion
Company Avenue (Off Main)
Fort Qu'Appelle, SK

DFC seeks your input for a National Dairy Study in 2015

DFC would like YOUR feedback for developing the first National Dairy Study (DFC-NDS/EN-PLC) to be conducted in 2015 as part of the Dairy Cluster 2 research program supported by Dairy Farmers of Canada.

DFC/PLC is asking producers, representatives of producer organizations, universities, provincial and federal dairy health and production personnel, and others allied with the dairy industry to identify the most important health and productivity issues facing the Canadian dairy industry.

Input received from stakeholders will subsequently be used to develop a voluntary nation-wide study of dairy cattle health and management practices to be undertaken in January of 2015.

Stakeholders can provide their input by simply completing a 15-minute survey available at:
http://fluidsurveys.com/s/DFC_PLC_Needs_Assessment/
Surveys must be completed by May 1, 2014.

Prior to this, Canada has never undertaken such a comprehensive study of the dairy cattle industry. In the United States, a survey of all livestock and poultry industries is undertaken approximately every seven years and is conducted by the National Animal Health Monitoring System (NAHMS), a branch of the United States Department of Agriculture (USDA).

The last U.S. dairy study was completed in 2007 and the current one is ongoing for 2014. Results from previous NAHMS studies are available at: http://nahms.aphis.usda.gov.

Comments and questions can be directed to: Dr. David Kelton, department of Population Medicine, University of Guelph, na14slc@uoguelph.ca

Jot notes....

Make sure to look for your PRODUCER SURVEY in the March edition of *The Milk Producer* magazine!

Check out DFC's Marketing and Nutrition Information Bulletin online for frequent updates and background on DFC's various activities!
http://www.dairyfarmers.ca/news-centre/document-library/dfc-promotion-update

QUOTA EXCHANGE

The market-clearing price established for the March 2014 Quota Exchange was **$34,000.00**.

The next Quota Exchange will be held on **April 15, 2014**. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the SaskMilk office by midnight, **April 6, 2014**. SaskMilk recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

When making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange. Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange. The clearing price is set at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase.

The results of the Quota Exchange are outlined in the following Table.

MARCH 2014 QUOTA EXCHANGE RESULTS SUMMARY

Market Clearing Price per kilogram of butterfat	**$ 34,000.00**	
Daily Kilograms offered to Purchase		**25.31**
Kilograms offered to Sell		**59.22**
Kilograms sold		**11.96**
Number of Producers		
- offered to purchase	**4**	
- purchased quota	**2**	
- offered to sell	**7**	
- sold quota	**3**	

MARCH 2014 QUOTA EXCHANGE CLEARING PRICE RESULTS

Price ($/daily kg b.f.)	No. of Sellers	Cumulative Sellers	Daily Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Daily Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
$31,050.00	2	2	4.12	4.12	-21.19	25.31	0.00	4	0
$33,000.00	0	2	0.00	4.12	-21.19	25.31	5.00	4	1
$33,500.00	0	2	0.00	4.12	-16.19	20.31	5.00	3	1
$34,000.00	**1**	**3**	**7.84**	**11.96**	**-3.35**	**15.31**	**5.00**	**2**	**1**
$34,500.00	3	6	37.26	49.22	38.91	10.31	10.31	1	1
$34,900.00	1	7	10.00	59.22	59.22	0.00	0.00	0	0

*** Please contact Bev Solie at 306-949-6999 for inquiries dealing with quota management sheets, the Quota Exchange, for transfer credits, or with any other quota transactions.**

TRANSFER CREDIT SUMMARY REPORT

MONTH	# OF PRODUCERS TRANSFER IN	# OF PRODUCERS TRANSFER OUT	TOTAL KGS BUTTERFAT
February	16	15	10,369
March	19	18	14,543
April	14	15	8,912
May	11	10	6,139
June	16	11	12,221
July	14	10	8,560
August	16	14	13,911
September	13	12	12,097
October	18	14	14,374
November	18	16	14,816
December	16	16	12,105
January, 2014	20	17	19,783
February	23	16	19,294

PRIVATE TRANSFERS PROCESSED

MONTH	DAILY KILOGRAMS
Mar	81.66
Apr	59.62
May	20.00
June	17.00
July	0.00
Aug	111.00
Sept	22.00
Oct	0.00
Nov	10.00
Dec	110.26
Jan-2014	522.98
Feb	0.00

OVER QUOTA (OVER 5 DAYS) REPORT BY MONTH

MONTH	# OF PRODUCERS	KGS BUTTERFAT
February	17	3,436
March	21	4,621
April	11	1,303
May	11	846
June	10	655
July	8	2,058
August	8	1,145
September	7	653
October	8	563
November	11	1,375
December	20	5,216
January, 2014	21	5,133
February	17	2,940

SUMMARY REPORT OF CREDITS February, 2014 – 167 PRODUCERS

DAYS	# OF PRODUCERS	POSITIVE CREDITS ACCUMULATED (KGS OF BUTTERFAT)
+ 5	17	8,276
0 to + 5	51	16,253
TOTAL	68	24,529
DAYS	**# OF PRODUCERS**	**NEGATIVE CREDITS ACCUMULATED (KGS OF BUTTERFAT)**
-15	8	-9,456
-10 to -15	20	-28,667
-5 to -10	36	-36,753
0 to -5	35	-16,455
TOTAL	99	-91,331

LOST OPPORTUNITY REPORT

MONTH	# OF PRODUCERS	LOST OPPORTUNITY (KGS OF BUTTERFAT)
February	11	4,520
March	10	3,572
April	13	3,960
May	14	6,967
June	11	6,596
July	13	9,398
August	14	7,625
September	19	6,589
October	16	6,941
November	11	1,979
December	10	2,487
January, 2014	8	1,723
February	8	542

WEIGHTED AVERAGE COMPONENT TESTS & PRICES February, 2014

Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.9352	11.672978
Protein	3.3574	8.672978
Other Solids	5.7201	1.272659

Based on the average component tests for the province, the average price received was **$82.3345** per hectolitre. **The average butterfat price received per kilogram was $20.84**

SASKATCHEWAN MILK POOL RESULTS February 2014

Milk Sale Revenue	$ 13,430,961.75
Western Milk Pool	$ 1,322,367.32
Plant of Last Resort Service	$ (56,807.06)
Total Pool Value	**$ 14,696,522.01**

In February, Saskatchewan had a monthly CDC allocation of **709,836 kilograms** of butterfat. In the month of February, Saskatchewan production was **-4,466** of butterfat **under** and cumulatively **under** by **-66,474 kilograms** of butterfat. On a percentage basis, Saskatchewan is **-0.73%** within our CDC allocation flexibility limits based on the Continuous Quota model. The -1.50% lower flexibility limit is in effect.

	(1) Monthly Total Production Kgs bf	(2) Total Monthly CDC Quota Allocation Kgs bf	(3) Monthly Over or (Under) Production Kgs bf col. 1 – 2 = 3	(4) Lower Flexibility Limit **(1.5%)** Kgs bf col. 9 * -1.5%	(5) Upper Flexibility Limit **1.0%** Kgs bf col. 9 *1.0%	(6) Cumulative Over or (Under) Production with limits Kgs bf	(7) Cumulative Over or (Under) Production with limits in - % col. 6 / 9	(8) Over Quota or (Lost Production Opportunity) Kgs bf	(9) Rolling 12 Month Total Quota Kgs bf
Feb-13	712,149	695,378	16,771	(134,400)	44,800	**(84,357)**	**-0.94%**	0	8,960,033
Mar-13	782,825	767,146	15,680	(134,368)	44,789	**(69,000)**	**-0.77%**	0	8,957,872
Apr-13	746,839	740,033	6,806	(134,442)	44,814	**(62,444)**	**-0.70%**	0	8,962,781
May-13	754,967	753,453	1,515	(134,427)	44,809	**(60,815)**	**-0.68%**	0	8,961,796
Jun-13	725,872	721,132	4,740	(134,402)	44,801	**(54,515)**	**-0.61%**	0	8,960,160
Jul-13	734,662	730,741	3,922	(134,525)	44,842	**(50,515)**	**-0.56%**	0	8,968,338
Aug-13	759,353	743,937	15,416	(134,654)	44,885	**(35,322)**	**-0.39%**	0	8,976,941
Sep-13	743,013	737,951	5,061	(134,773)	44,924	**(34,067)**	**-0.38%**	0	8,984,855
Oct-13	782,805	796,837	(14,032)	(135,081)	45,027	**(48,227)**	**-0.54%**	0	9,005,391
Nov-13	758,797	770,745	(11,948)	(135,189)	45,063	**(60,135)**	**-0.67%**	0	9,012,580
Dec-13	794,733	805,742	(11,009)	(135,518)	45,173	**(70,182)**	**-0.78%**	0	9,034,530
Jan-14	789,851	769,397	20,454	(135,547)	45,182	**(49,676)**	**-0.55%**	0	9,036,438
Feb-14	705,370	709,836	(4,466)	(135,940)	45,313	**(66,474)**	**-0.73%**	0	9,062,696

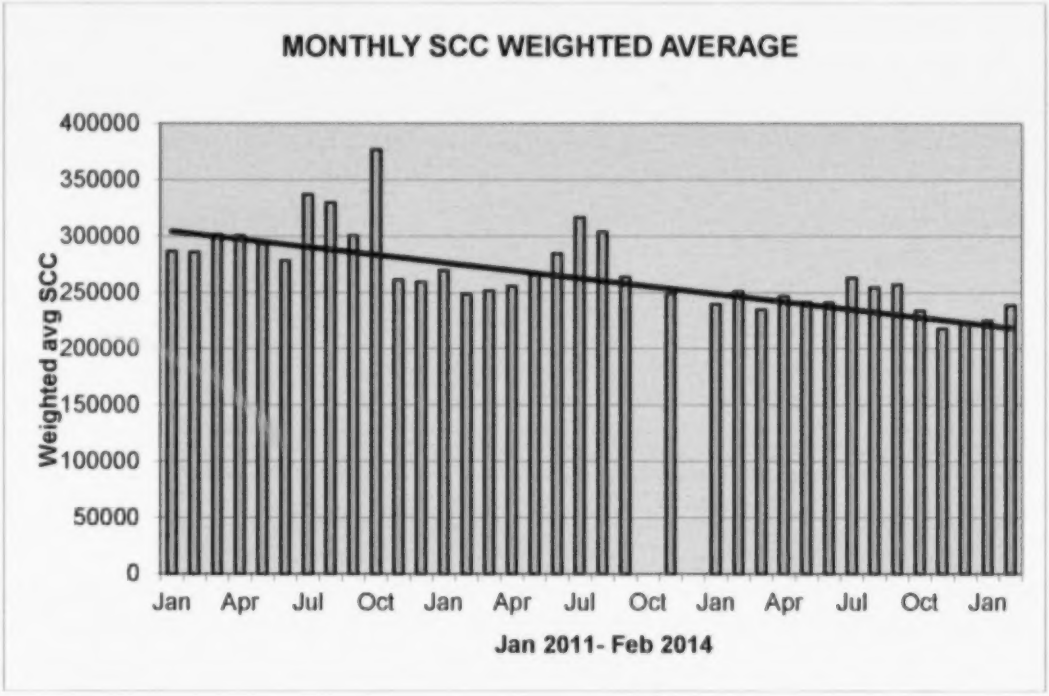
(1) Monthly Production in Saskatchewan
(2) Total Monthly Quota = Class 1 sales + Monthly MSQ + Carry Forward
(3) Difference between the monthly production (1) and the total monthly quota (2)
(4) The Lower Flexibility Limit is -1.5% of Rolling 12 Month Total Quota (9)
(5) The Upper Flexibility Limit is 1.0% of Rolling 12 Month Total Quota (9)
(6) Previous Month Cumulative Over or (Under) Production + Current Monthly Over or (Under) Production (capped at lower or upper limit if applicable)
(7) Equal to Column (6) expressed as a percentage basis within the flexibility limits
(8) Over Quota or (Lost production opportunity) outside of flexibility limits
(9) Total Monthly CDC Quota Allocation for the previous 12 months

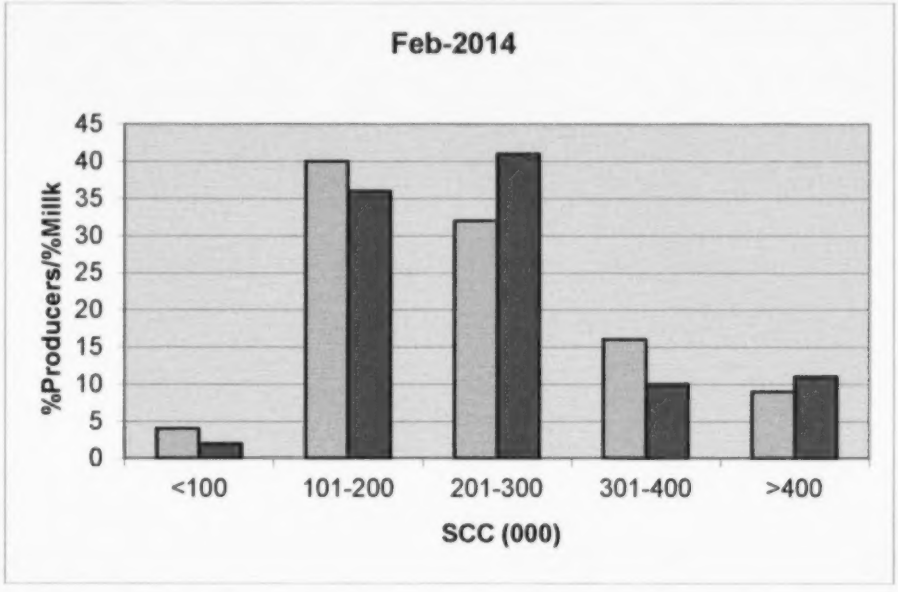
SCC LIMIT NOW 400,000

Effective January 1, 2013, the SCC limit has changed to 400,000. Penalties and violations will be applied based on the new limit.

The following graphs provide producers with an overview of the Provincial Somatic Cell Count weighted average on a monthly basis as well as a breakdown of the % of producers in each SCC level for the month of February 2014.

If you have any questions or comments you can contact: Deb Haupstein at 306-721-9486.





INHIBITOR TEST STATIONS

SaskMilk has established a number of inhibitor test stations around the province. Producers needing to check their bulk tanks for inhibitors can take a sample to the test station closest to their location.

Charm test strips are available to test for:
Beta-Lactams- the Charm 3 SL3 Beta Lactam test strip tests for amoxicillin, ampicillin, ceftiofur, cephapirin, cloxacillin, and penicillin G

Tetracyclines- the Charm Tetracycline test strip tests for chlortetracycline, oxytetracycline and tetracycline.

Sulfas- the Charm Sulfa test strip tests for sulfacetamide, sulfachlorpyridazine, sulfadiazine, sulfadimethoxine, sulfadoxine, sulfaethoxypyridazine, sulfamerazine, sulfamethazine, sulfamethizole, sulfamethoxazole, sulfamethoxypyridazine, sulfapyridine, sulfaquinoxaline, sulfathiazole,and sulfisoxazole.

Test stations are located at the following locations:

1. Swift Current, SK - Agrifoods truck bay - 675 Cheadle Street West
   Office 306-773-1991 or Rodger Ruf 306-741-3261
2. Harris, SK - Cairnside Farm – Wes Cairns 306-665-4807
3. Star City, SK - Star City Colony - Reuben Tschetter 306-921-9381
4. Grenfell, SK - Jim Ross 306-697-2232
5. Yorkton, SK - Ford Dairy Farms Inc. - Bud and Margaret Ford 306-782-7240
6. Saskatoon, SK – Agrifoods Truck Bay - east of the Saputo plant receiving bay
   lead hand - Jim or Clint 306-664-0202 after hours: 306-668-8135

Charm tests strips and Charm testers are now available for purchase through SaskMilk. Agrifoods is now carrying SNAP test kits for tetracylcines as well as beta lactams.

For further information you can contact: Deb Haupstein 306-721-9486

If You Can't Ship It - Test It!

BSE surveillance is still important and every animal tested makes a difference.

Support your cattle industry by having your 4-D (dead, diseased, dying or downer) cattle tested for BSE.

For more information, call the Canadian Food Inspection Agency at 1-877-727-5273.

Code of Practice

1.2 Facilities for Special Needs

Special needs facilities are an option for grouping animals to provide for the special needs of calving, transition or sick/infirm cows (20). Special needs facilities should be designed to minimize stress. Appropriate stocking density and design are needed within special needs facilities to minimize competition for limited resources (e.g., feed bunks, stalls). Cows like to engage in the same activity at the same time so overstocking is a source of frustration if this need cannot be met (8).

REQUIREMENTS

Special needs facilities must provide comfort, insulation, warmth, dryness and traction. Bare concrete is not acceptable as a resting surface.

1.2.3 Sick and Injured Cattle

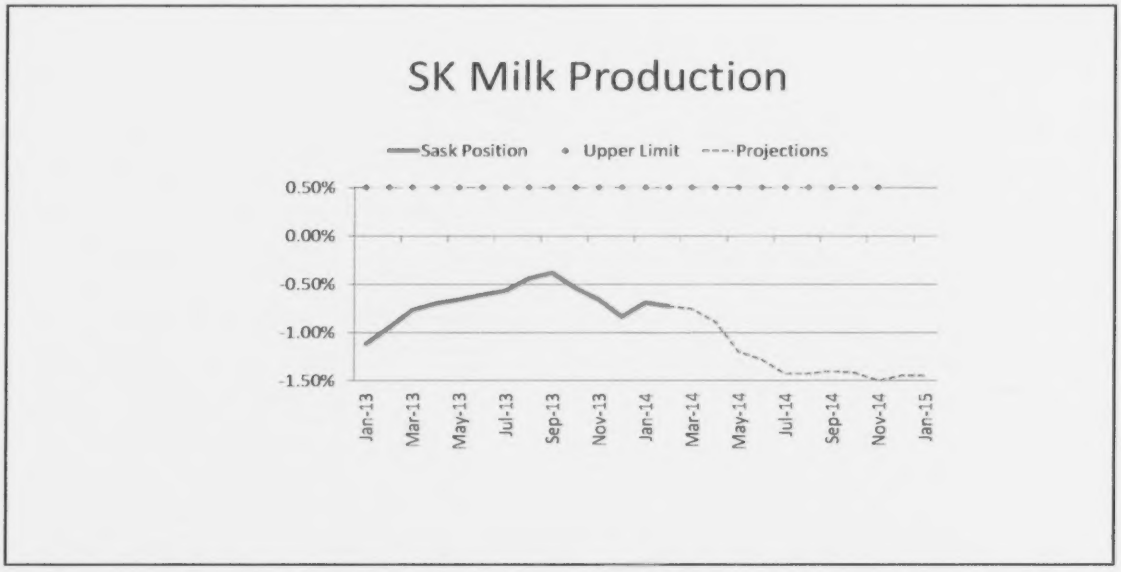
Provision should be made for the segregation, humane treatment and comfort of sick and injured animals.

REQUIREMENTS

Areas must be provided to segregate and treat sick and injured cattle.

RECOMMENDED BEST PRACTICES

a. segregated areas should be sheltered and well-bedded
b. provide softer, non-slip flooring, such as soft rubber or straw pack.



QUOTA LISTING or CLASSIFIED AD SERVICE

SaskMilk offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows or miscellaneous dairy equipment is welcome to contact the SaskMilk office at (306) 949-6999. All prices and negotiations will be independent of SaskMilk. **Please note that ads will be posted in two issues and will then be removed unless SaskMilk is notified otherwise.**

Classifieds

- For Sale: Combined Timothy Bales. Contact Dierker Enterprises, Mistatim SK, Michael Dierker 306-889-4484

- For Sale: Bred heifers – Contact Sheldon at #306-862-7140

- International student Pierre Lesage (second year engineering in agriculture in LaSalle Beauvais (France), seeking an internship from June to October – as the son of a farmer, he would like to see different forms of agriculture. Please contact him at pierre.lesage@etu.lasalle-beauvais.fr

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